



Order 99-2-1
Served February 5, 1999

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 2nd day of February, 1999

Essential air service at

GALLUP, NEW MEXICO

under 49 U.S.C. 41731 *et seq.*

Docket OST-1998-4706

ORDER SOLICITING PROPOSALS

Summary

By this order the Department of Transportation is soliciting proposals from air carriers interested in providing essential air service at Gallup, New Mexico. (See Appendix A for a map of the service area.) The Department will also require Mesa Airlines, Inc., d/b/a America West Express (Mesa), to continue serving Gallup for a 30-day period, through March 5, 1999, or until replacement service is secured, whichever occurs first.

Background

By notice filed November 4, 1998, Mesa announced its intent to suspend all of the air service it is providing at Gallup, New Mexico, effective February 3, 1999. Mesa is the only carrier providing scheduled service at Gallup, and it has been providing three nonstop round trips a day to Phoenix with 19-passenger Beech 1900 aircraft.

Gallup is guaranteed to receive scheduled air service under the Essential Air Service Program. Gallup's current essential air service determination, set by Order 89-1-20, January 13, 1989, requires a minimum of two round trips each weekday and weekend to either Albuquerque (nonstop) or Phoenix (nonstop or one-stop), offering at least 26 passenger seats inbound and outbound.

Decision

As required by 49 U.S.C. 41734(b), we will require Mesa to maintain its current level of service at Gallup for thirty days beyond the end of its 90-day notice period, and we will invite replacement service proposals from any interested air carriers. (As required by 49 U.S.C. 41734(c), we will extend Mesa's service obligation for additional 30-day periods as necessary until replacement service is in place.)

Request for Proposals

We solicit proposals from carriers interested in providing replacement service at Gallup. We request proposal options that would provide the community with service to any suitable hub consisting of at least two and preferably three round trips a day, nonstop or one-stop, six days a week, with twin-engine, two-pilot, pressurized aircraft having at least 15 passenger seats. In order to assist carriers in making passenger and revenue forecasts, we have included historical traffic data in Appendix B.

Procedures for Filing Replacement Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR Part 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.¹ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the

¹ The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, implementing 31 U.S.C. 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Community and State Comments

The community and State of New Mexico are welcome to submit comments on the proposals at any time.² Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.³

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY

1. We prohibit Mesa Airlines, Inc., d/b/a America West Express, from suspending service at Gallup, New Mexico, at the end of its 90-day notice period, and require it to maintain service at the community, as set forth in Appendix C, for the 30-day period through March 5, 1999, or until a carrier capable of providing reliable essential air service actually begins service, whichever occurs first;⁴
2. We request that air carriers interested in providing essential air service at Gallup, New Mexico, submit their proposals, with subsidy requests if necessary, within 20 days after the date of service of this order. Proposals should include all the data required by section 204.4 of the Department's Aviation Economic Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53; Office of Aviation Analysis, Room 6401; Department of Transportation; 400 Seventh Street, S.W.; Washington, DC 20590, with the title: "Proposal To Provide Essential Air Service at Gallup, New Mexico, Docket OST-1998-4706;"⁵
3. The Department directs Mesa Airlines, Inc., d/b/a United Express, to retain all books to retain all books, records, and other source and summary documentation to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily

² Civic parties should file an original and five copies of their comments in Docket 1998-4706. This filing should be addressed to:

Documentary Services Division, SVC-121.30
Office of the Secretary
U.S. Department of Transportation
Room PL401
400 Seventh Street, S.W.
Washington, D.C. 20590

³ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service.

⁴ In accordance with 49 U.S.C. 41734(c), we will extend Mesa's service obligation for successive 30-day periods as necessary until replacement service actually begins.

⁵ After the proposals have been docketed, Department staff will contact each applicant and direct it to serve a copy of its proposal on the civic officials of the community, the state, and the other applicants. All applicants must then file a certificate of service with the Department's Documentary Services Division.

permits the audit and examination thereof by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

4. Docket OST-1998-4706 shall remain open until further order of the Department; and

5. We will serve a copy of this order on the Mayor and Airport Manager of Gallup, New Mexico; the Governor of New Mexico; the Director of the New Mexico State Highway & Transportation Department; Mesa Air Group; and the air carriers listed in Appendix D.

By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
http://dms.dot.gov/reports/reports_aviation.asp
The electronic version may not include all of the appendices.*



Historical Origin-Destination Passenger Traffic (both directions) ¹

	<u>CY 1990</u>	<u>CY 1991</u>	<u>CY 1992</u>	<u>CY 1993</u>	<u>CY 1994</u>	<u>CY 1995</u>	<u>CY 1996</u>	<u>CY 1997</u>
Gallup-Phoenix	7,459	8,279	9,005	10,155	11,784	17,477	12,320	13,179
Gallup-Farmington	1,848	1,088	1,060	783	1,640	6,496	2,259	3,609
Gallup-Other	<u>9</u>	<u>1</u>	<u>123</u>	<u>197</u>	<u>27</u>	<u>81</u>	<u>14</u>	<u>74</u>
Gallup-Total	<u>9,316</u>	<u>9,368</u>	<u>10,188</u>	<u>11,135</u>	<u>13,451</u>	<u>24,054</u>	<u>14,593</u>	<u>16,862</u>

Historical Average Annual Passenger Enplanements ²

	<u>CY 1990</u>	<u>CY 1991</u>	<u>CY 1992</u>	<u>CY 1993</u>	<u>CY 1994</u>	<u>CY 1995</u>	<u>CY 1996</u>	<u>CY 1997</u>
Gallup-Phoenix	3,730	4,140	4,503	5,078	5,892	8,739	6,160	6,590
Gallup-Farmington	924	544	530	392	820	3,248	1,130	1,805
Gallup-Other	<u>5</u>	<u>1</u>	<u>62</u>	<u>99</u>	<u>14</u>	<u>41</u>	<u>7</u>	<u>37</u>
Gallup-Total	<u>4,658</u>	<u>4,684</u>	<u>5,094</u>	<u>5,568</u>	<u>6,726</u>	<u>12,027</u>	<u>7,297</u>	<u>8,431</u>

Historical Average Daily Passenger Enplanements ³

	<u>CY 1990</u>	<u>CY 1991</u>	<u>CY 1992</u>	<u>CY 1993</u>	<u>CY 1994</u>	<u>CY 1995</u>	<u>CY 1996</u>	<u>CY 1997</u>
Gallup-Phoenix	11.9	13.2	14.3	16.2	18.8	27.9	19.6	21.1
Gallup-Farmington	3.0	1.7	1.7	1.3	2.6	10.4	3.6	5.8
Gallup-Other	<u>0</u>	<u>0</u>	<u>0.2</u>	<u>0.3</u>	<u>0</u>	<u>0.1</u>	<u>0</u>	<u>0.1</u>
Gallup-Total	<u>14.9</u>	<u>15.0</u>	<u>16.2</u>	<u>17.8</u>	<u>21.5</u>	<u>38.4</u>	<u>23.2</u>	<u>26.9</u>

¹ Source: D.O.T., R.S.P.A./B.T.S., Form 298-C, Schedule T-1 origin-destination passenger data reported by Mesa, except for D.O.T., B.T.S. Form T-100 on-line market origin-destination data reported by Mesa for July 1995, through June 1997.

² Source: Origin-destination passengers (both directions), divided by two.

³ Source: Average annual enplanements, divided by 313 service days (314 in leap years) to yield average daily enplanements.

Mesa Airlines, Inc., d/b/a United Express
Essential Air Service at Gallup, New Mexico

Effective period: February 3, 1999, until further Department action

Service: Three nonstop round trips to Phoenix on weekdays and weekends

Aircraft type: Beech 1900 (19 passenger seats)

Minimum number of seats to be available in each direction: 57 each weekday and weekend

Timing of flights: Flights must be well-timed and well-spaced

NOTE: The carrier is hereby notified that it may forfeit possible compensation for any flights that it does not operate in conformance with the terms and stipulations of this order, including the service plan outlined above and any other significant elements of the required service, without prior approval. An aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize the entire subsidy claim it may make for the period in question. If the carrier contemplates any such changes beyond the scope of this order, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

Service List for the State of New Mexico

ACT International Airlines, Inc.	Ken Bannon
Aero Freight, Inc.	Nathaniel P. Breed
Air L.A., Inc.	E.B. Freeman
Air Midwest, Inc.	Ben Harrison
Air Transport, Inc.	A. Edward Jenner
Amerijet International, Inc.	Keith Kahle
Arizona Airways, Inc.	Helen McCoy
Arizona Pacific Airlines, Inc.	John McFarlane
Aspen Airways, Inc.	Andy Pike
Barken International, Inc.	Richard A. Raymer
Blue Ridge Airlines	William C. Seigler
Conquest Airlines Corporation	Andrew Spinks
Delta Connection	Kevin Thomas
Exec Express II, Inc.	Larry Tiffin
Great Lakes Aviation, Ltd.	
Laredo Air, Inc.	
Lone Star Airlines, Inc.	
Mesa Airlines, Inc.	
Metro Express II, Inc.	
Metroflight, Inc.	
Midway Airlines, Inc.	
Midwest Express Airlines, Inc.	
Northwest Airlink	
Pacific Air West, Inc.	
Redtail Aviation	
Renown Aviation, Inc.	
Rocky Mountain Helicopters, Inc.	
Skywest Airlines, Inc.	
Texas National Airlines, Inc.	
Wings West Airlines, Inc.	